



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



OCTOBER 30, 2001

The Corn Growers Association To Help California with Ethanol Needs. The National Corn Growers Association met last week with agricultural groups and government officials in California to discuss the development of the State's ethanol industry. The meeting was convened in response to California's decision this summer to use ethanol as its oxygen-enhancing chemical additive to make cleaner burning gasoline. Ethanol will replace methyl tertiary butyl ether (MTBE), which will be phased out by the State in 2003 due to concerns that MTBE may pollute groundwater.

The corn growers said that California is looking into bringing in more ethanol plants. Currently, California is importing large amounts of corn from the Midwest. If the ethanol is to be produced in California, ethanol plants will become profitable, and ethanol's co products can be used in the State's livestock industry. Since the production of ethanol uses only the starch portion of the corn kernel, the remaining protein and fiber are used as livestock feed. One 56-pound bushel of corn yields about 2.5 gallons of ethanol. In addition to corn, ethanol can be made of rice, sugar cane, and other products. Once MTBE is phased out in 2003, California is estimated to need 580 million gallons of ethanol per year. At this time, California has only two small ethanol plants that produce around 10 million gallons per year. (Reuters, 10/24/01)

Ukraine Looking into Selling Wheat in Europe. Uncertainty in the Middle East has increased the cost of shipping grain to that region. Therefore, Ukraine is looking into selling its wheat in Europe, particularly Spain, France, and Italy. Italy and Spain had been the largest buyers of Ukrainian wheat. Likewise, animal feed makers in France are showing interest in Eastern European wheat because of tight stocks and high prices on the domestic market. During July and August, Spain bought 32.1 percent of all Ukrainian wheat exports, while Italy took 2.3 percent and France .3 percent.

Recent bad weather is projected to cause a drop in next year's grain crop. Therefore, Ukrainian farmers are doing their best to profit from this year's abundant crop. Ukraine has doubled its last year's output of 10.16 million tons of wheat at 21.4 million tons this year. As a result, of the 2.3 million tons of grain the European Union had committed to import so far in 2001/02 (July-June), at least half had come from Eastern Europe. Feed wheat and feed barley are the dominant exports; 60 percent of this year's wheat crop is composed of feed quality grain. (Reuters, 10/25/01)

Debate Over Source of Wheat: U.S. or Central Asia. President Bush's commitment to feed the Afghans while fighting a war is now causing a dispute over whether to buy wheat for the relief effort from Central Asia or from U.S. wheat growers. On the one hand, the Agency for International Development (USAID) is suggesting buying the \$50 million worth of wheat from Kazakhstan or Pakistan. USAID claims that it will be easier to buy the wheat in Kazakhstan and use local truck drivers who know the area to reach starving Afghans. On the other hand, the White House Office of Management and Budget claims that there are enough U.S. wheat stocks in position in the region, and there is no difference in terms of access to Afghanistan whether the wheat is from the United States or local. By the end of November, about 280,000 tons of wheat will be in position in the vicinity of Afghanistan.

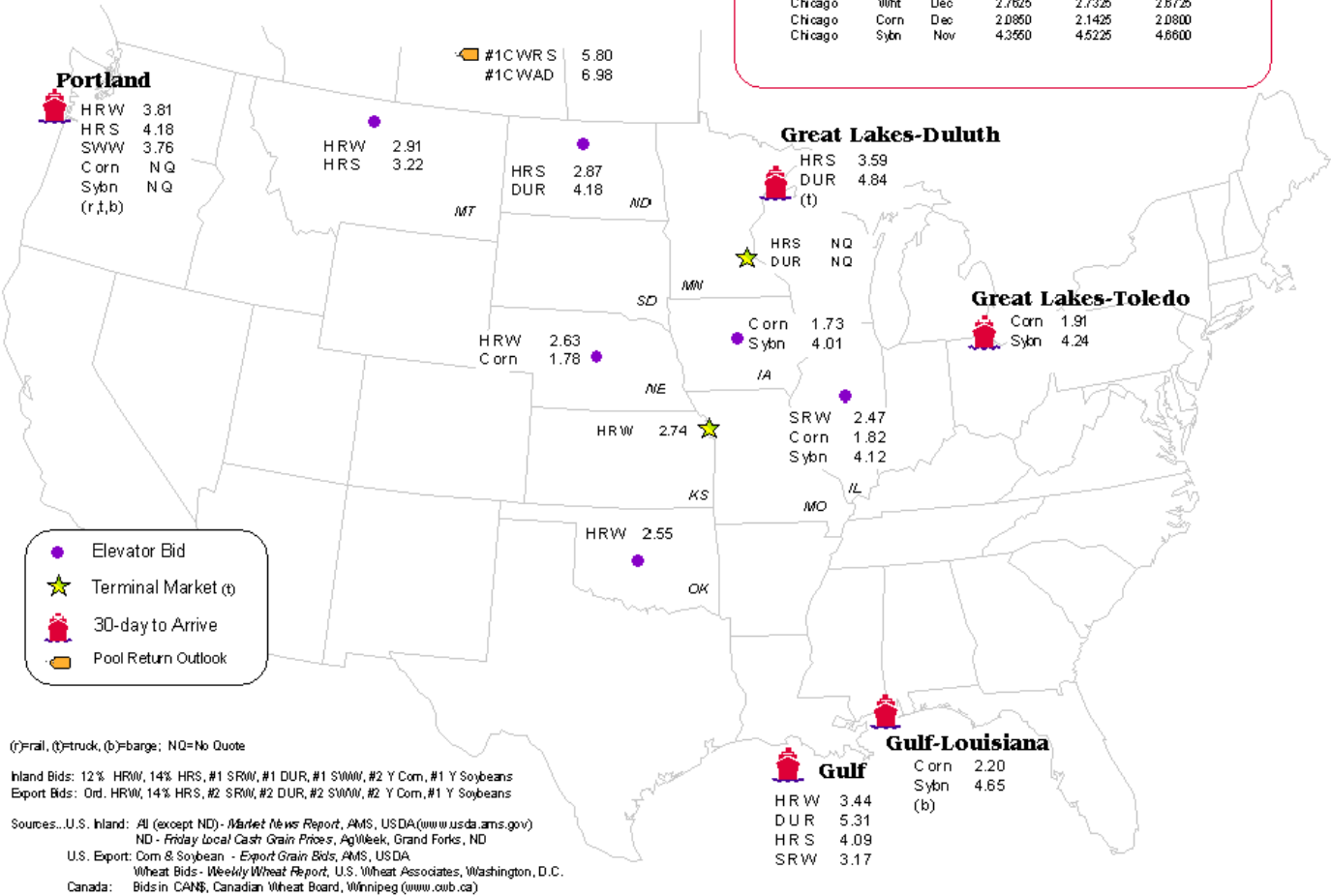
The Afghan flat bread named Naan is made of soft winter wheat and provides the Afghans with 50 percent of their calories and 85 percent of their protein. Before September 11, the World Food Program was feeding more than 4 million Afghans, while the United States provided half of the food, mainly wheat. The U.S. Government supplied Afghanistan with 292,000 tons of wheat, mostly from the Pacific Northwest. Thus, the Washington Wheat Commission claims that if the Afghans are receiving U.S. aid, it needs to contain American products. (Washington Post, 10/28/2001)



Report is prepared by Karl Hacker and Sigal Nissan, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to Karl.Hacker@usda.gov.

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Grain Bid Summary

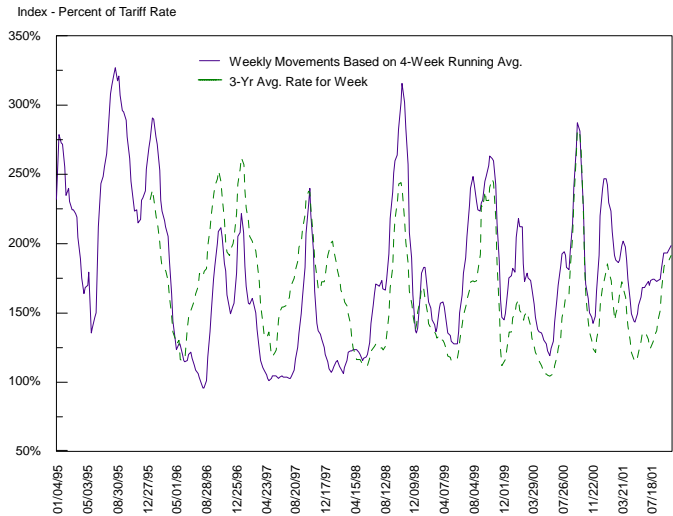


(r)=rail, (t)=truck, (b)=barge; NQ=No Quote

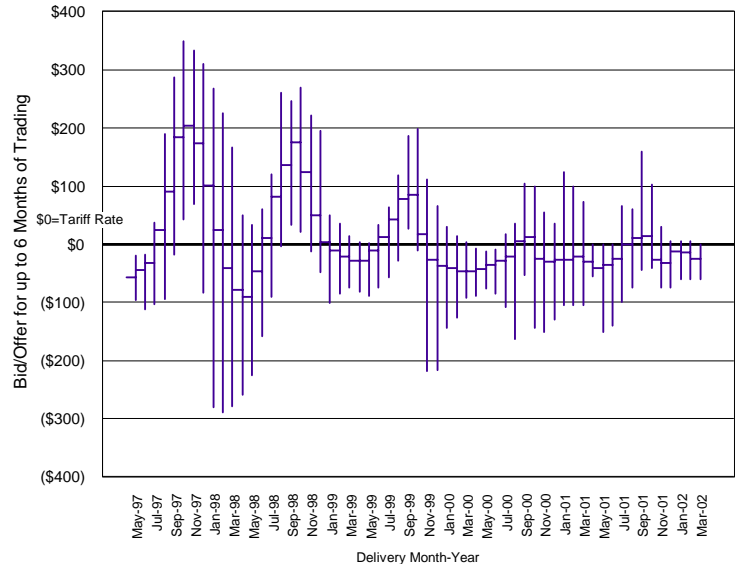
Inland Bids: 12% HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans
Export Bids: Ord. HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

Sources...U.S. Inland: All (except ND) - Market News Report, AMS, USDA(www.usda.ams.gov)
ND - Friday Local Cash Grain Prices, AgWeek, Grand Forks, ND
U.S. Export: Corn & Soybean - Export Grain Bids, AMS, USDA
Wheat Bids - Weekly Wheat Report, U.S. Wheat Associates, Washington, D.C.
Canada: Bids in CAN\$, Canadian Wheat Board, Winnipeg(www.cwb.ca)

Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings

| Delivery for: | Dec-01 | | Jan-02 | |
|-----------------|----------------|---------------|----------------|---------------|
| | <u>Offered</u> | <u>% Sold</u> | <u>Offered</u> | <u>% Sold</u> |
| BNSF-COT | 11,047 | 19% | 13,454 | 2% |
| UP-GCAS | 5,400 | 0% | No Offer | |

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

| | Delivery Period | | | |
|---------|------------------------|--------|--------|--------|
| | Nov-01 | Dec-01 | Jan-02 | Feb-02 |
| BNSF-GF | \$(29) | \$(24) | \$(16) | \$(16) |
| UP-Pool | \$(56) | \$(56) | \$(45) | \$(48) |

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

| Delivery for: | Dec-01 | Jan-02 | Feb-02 |
|---------------|--------|--------|--------|
| COT/N. Grain | no bid | no bid | no bid |
| COT/S. Grain | no bid | no bid | no bid |
| GCAS/Region 2 | no bid | no bid | no bid |
| GCAS/Region 4 | no bid | no bid | no bid |

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal/Cash Basis Values

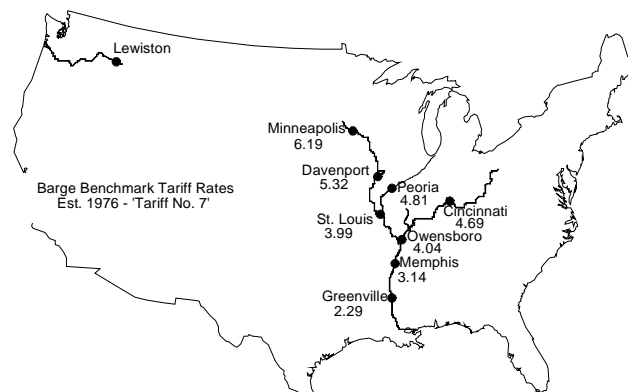
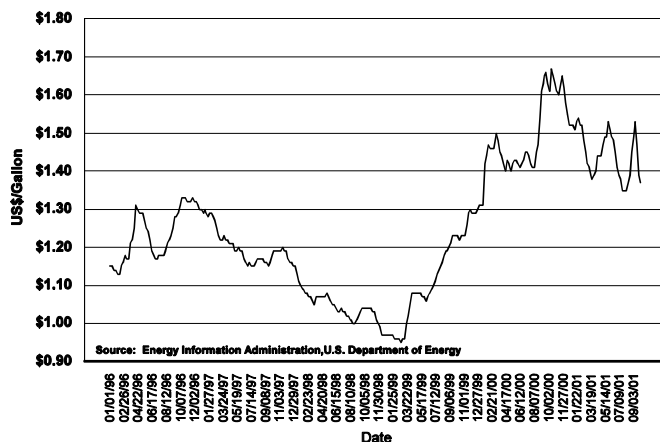
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

| Week ended | River/Region | Contract Period | Rate | |
|------------|----------------|-----------------|---------|------|
| | | | Futures | Cash |
| 10/29/01 | St. Louis | Nov | 148 | 155 |
| | | Jan | 128 | 140 |
| | | Mar | 128 | 140 |
| | | May | 136 | 0 |
| | | Jul | 0 | 0 |
| | Illinois River | Nov | 183 | 180 |
| | | Jan | 193 | 195 |
| | | Mar | 170 | 173 |
| | | May | 0 | 0 |
| | | Jul | 0 | 0 |

Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

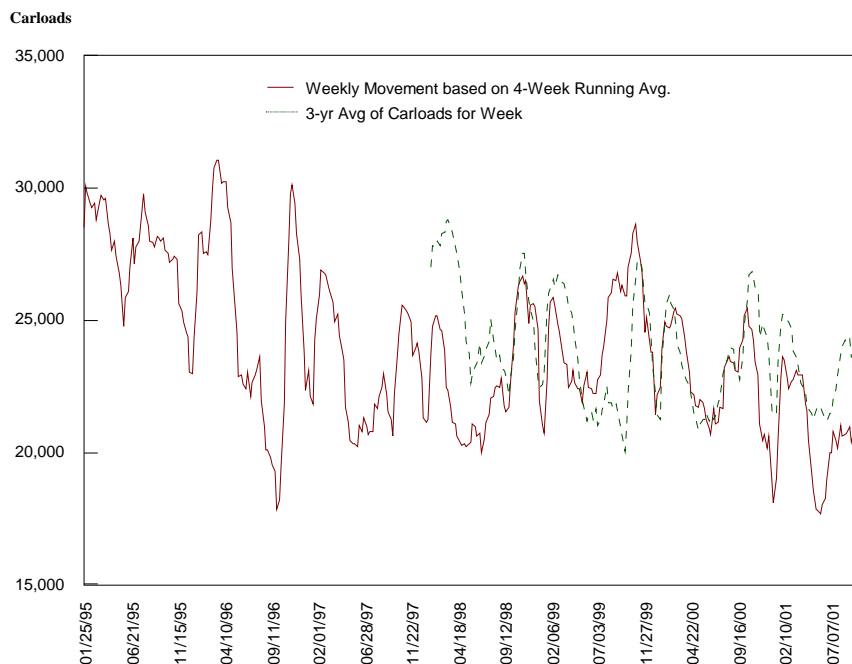
| | 10/24/01 | 10/17/01 | Nov '01 | Jan '02 |
|-----------------|----------|----------|---------|---------|
| Twin Cities | 226 | 205 | 221 | 0 |
| Mid-Mississippi | 238 | 204 | 189 | 0 |
| Illinois River | 248 | 198 | 178 | 198 |
| St. Louis | 231 | 170 | 156 | 139 |
| Lower Ohio | 231 | 202 | 170 | 146 |
| Cairo-Memphis | 230 | 163 | 151 | 136 |

Source: Transportation & Marketing /AMS/USDA
nq=no quote;**Weekly Retail Diesel (Road) Prices (Including Taxes)**

Grain Car Loadings for Class I Railroads

| Class I Railroad Grain Car Loadings | |
|-------------------------------------|-----------|
| Week Ending: | Carloads |
| 10/6/01 | 25,590 |
| 10/13/01 | 25,773 |
| 10/20/01 | 25,925 |
| Year to Date - 2001 | 891,752 |
| Year to Date - 2000 | 982,492 |
| Total 2000 | 1,188,917 |
| Total 1999 | 1,270,375 |

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

| Train Carloads Originated | | | | | | | | | |
|---------------------------|---------|---------|--------|---------|---------|--------|---------|---------|---------|
| | | | East | | West | | | Canada | |
| | Conrail | CSXT | IC | NS | BNSF | KCS | UP | CN | CP |
| 10/20/01 | 0 | 3,253 | 0 | 4,024 | 10,104 | 674 | 7,870 | 4,979 | 4,306 |
| This Week Last Year | 0 | 4,342 | 0 | 3,699 | 9,018 | 526 | 6,003 | 4,428 | 5,307 |
| 2001 YTD | 0 | 121,624 | 0 | 128,080 | 341,028 | 20,081 | 280,939 | 205,157 | 187,581 |
| 2000 YTD | 0 | 116,060 | 70,155 | 123,613 | 343,451 | 22,832 | 306,381 | 117,092 | 195,039 |
| 2000 Total | 0 | 147,708 | 70,155 | 153,905 | 425,849 | 26,515 | 364,785 | 160,749 | 239,670 |
| 1999 Total | 15,522 | 132,157 | 88,056 | 138,379 | 465,088 | 33,911 | 398,262 | 121,381 | 206,328 |

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

October 2001

| Date Effective | Tariff Item | Commodity | Origin | Destination | Rate Per Car | Rate Per MT | Rate/Per Bushel* |
|----------------|-------------|-----------|-----------------|--------------|--------------|-------------|------------------|
| 10/08/01 | 45560 | Wheat | Minneapolis, MN | Houston, TX | \$2,050 | \$22.60 | \$0.62 |
| 10/08/01 | 43521 | Wheat | Minneapolis, MN | Portland, OR | \$3,877 | \$42.74 | \$1.16 |
| 10/08/01 | 46540 | Wheat | Kansas City, MO | Houston, TX | \$1,650 | \$18.19 | \$0.50 |
| 10/08/01 | 43586 | Wheat | Kansas City, MO | Portland, OR | \$4,240 | \$46.74 | \$1.27 |
| 10/08/01 | 43581 | Wheat | Omaha, NE | Portland, OR | \$3,905 | \$43.04 | \$1.17 |
| 10/08/01 | 31040 | Corn | Minneapolis, MN | Portland, OR | \$2,900 | \$31.97 | \$0.81 |
| 10/08/01 | 31035 | Corn | Kansas City, MO | Portland, OR | \$2,700 | \$29.76 | \$0.76 |
| 10/08/01 | 31040 | Corn | Omaha, NE | Portland, OR | \$2,700 | \$29.76 | \$0.76 |
| 10/08/01 | 61180 | Soybean | Minneapolis, MN | Portland, OR | \$2,730 | \$30.09 | \$0.82 |
| 10/08/01 | 61180 | Soybean | Omaha, NE | Portland, OR | \$2,480 | \$27.34 | \$0.74 |
| 05/01/98 | 61180 | Soybean | Omaha, NE | Portland, OR | \$2,780 | \$25.23 | \$0.83 |

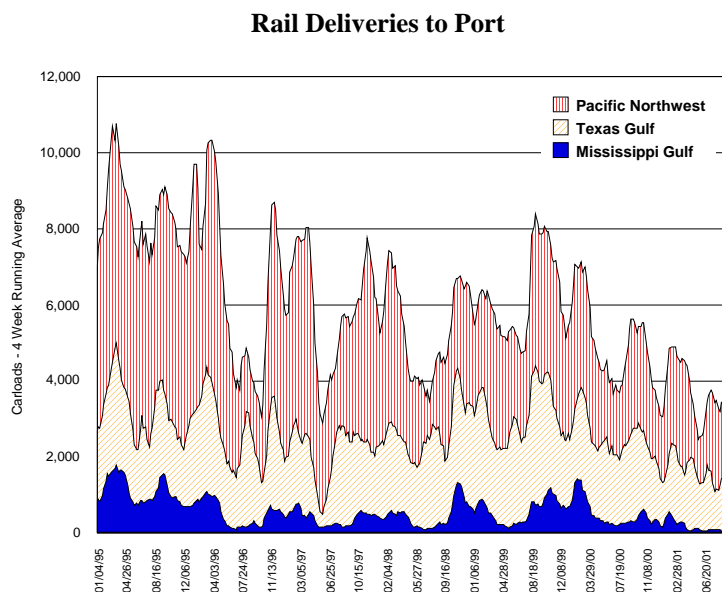
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port**Carloads**

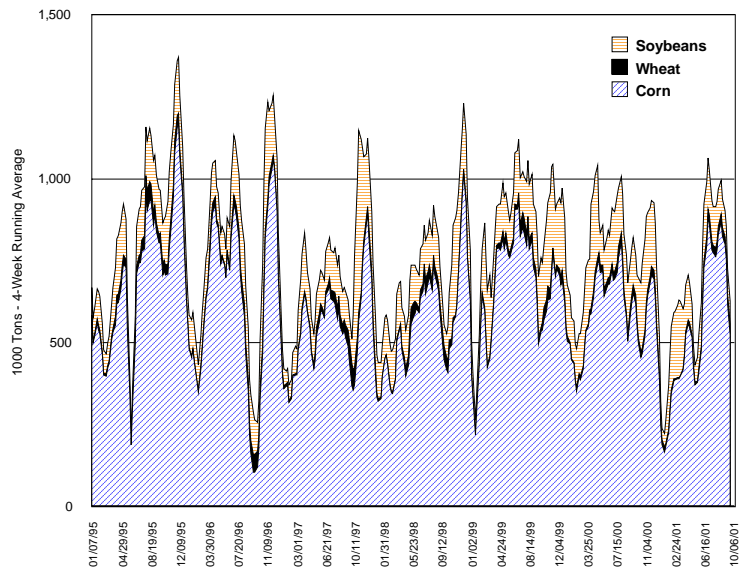
| | Mississippi Gulf | Texas Gulf | Pacific Northwest | Atlantic & East Gulf |
|--------------|------------------|------------|-------------------|----------------------|
| Week Ending: | | | | |
| 09/19/01 | 478* | 1,119** | 1,469 | 243 |
| 09/26/01 | 212* | 1,833** | 1,823 | 413 |
| 10/03/01 | 102* | 1,368** | 1,640 | 292 |
| 10/10/01 | 477* | 2,215 | 2,861 | 519 |
| 10/17/01 | 591* | 1,260 | 2,808 | 696 |
| 10/24/01 | 492* | 918 | 3,071 | 1,000 |
| YTD 2001 | 8,172* | 63,323** | 90,820 | 20,691 |
| YTD 2000 | 23,164 | 89,718 | 111,409 | 11,485 |
| Total 2000 | 25,675 | 105,308 | 129,464 | 14,816 |
| Total 1999 | 30,038 | 132,069 | 161,492 | 14,446 |

Source: Transportation & Marketing/AMS/USDA



(*) Incomplete Data

(**) Revised Data

Barge Movements - Locks 27**Barge Grain Movements**

for week ending 10/20/01

| | Corn | Wht | Sybn | Total |
|------------------------|------------|-------|--------|--------|
| | 1,000 Tons | | | |
| Mississippi River | | | | |
| Rock Island, IL (L15) | 123 | 2 | 234 | 363 |
| Winfield, MO (L25) | 182 | 14 | 258 | 466 |
| Alton, IL (L26) | 365 | 14 | 371 | 766 |
| Granite City, IL (L27) | 355 | 12 | 364 | 753 |
| Illinois River (L8) | 109 | 0 | 39 | 148 |
| Ohio (L52) | 81 | 5 | 68 | 202 |
| Arkansas (L1) | 0 | 30 | 3 | 33 |
| 2001 YTD | 25,513 | 2,216 | 7,082 | 36,362 |
| 2000 YTD | 26,918 | 2,073 | 7,788 | 38,171 |
| Total 2000 | 33,482 | 2,518 | 10,327 | 48,247 |
| Total 1999 | 36,711 | 2,883 | 9,771 | 51,887 |

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances (1,000 Metric Tons)

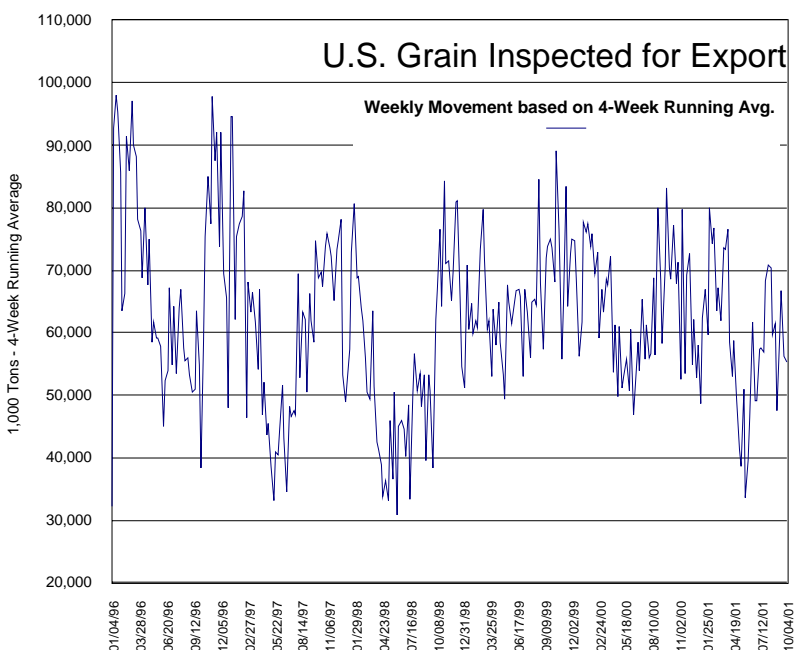
| | <i>HRW</i> | <i>SRW</i> | <i>HRS</i> | Wheat <i>SWW</i> | <i>DUR</i> | <i>All</i> | Corn | Soybean | Total |
|-------------------------------------|------------|------------|------------|---------------------|------------|------------|--------|---------|--------|
| <u>Unshipped Exports-Crop Year</u> | | | | | | | | | |
| 10/18/01 | 1,228 | 1,075 | 961 | 616 | 249 | 4,128 | 7,074 | 8,780 | 19,982 |
| This Week Year Ago | 1,175 | 339 | 801 | 746 | 193 | 3,253 | 6,923 | 6,224 | 16,400 |
| <u>Cumulative Exports-Crop Year</u> | | | | | | | | | |
| 00/01 YTD | 3,162 | 2,150 | 2,102 | 1,176 | 526 | 9,116 | 6,056 | 2,342 | 17,514 |
| 99/00 YTD | 4,033 | 2,159 | 2,152 | 1,926 | 486 | 10,756 | 7,404 | 17,713 | 35,873 |
| 97/98 Total | 9,858 | 4,710 | 6,305 | 5,413 | 1,232 | 27,518 | 37,220 | 24,516 | 89,254 |
| 96/97 Total | 7,387 | 3,645 | 7,864 | 6,105 | 963 | 25,965 | 44,476 | 24,501 | 94,942 |

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

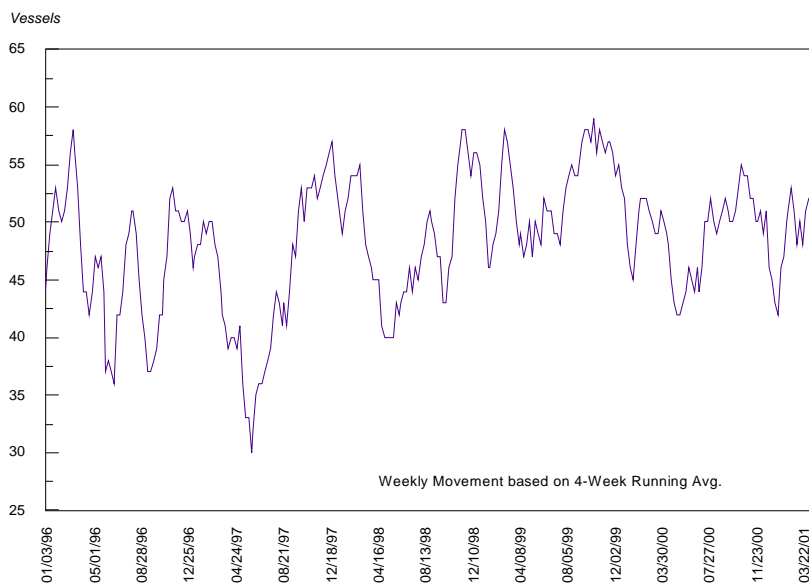
| | <u>Pacific Region</u> | | | <u>Mississippi Gulf</u> | | | <u>Texas Gulf</u> | | |
|----------------|-----------------------|-------------|----------------|-------------------------|-------------|----------------|-------------------|-------------|----------------|
| | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> | <i>Wheat</i> | <i>Corn</i> | <i>Soybean</i> |
| 10/25/01 | 287 | 50 | 202 | 148 | 730 | 647 | 179 | 11 | 144 |
| 2001 YTD | 7,972 | 4,402 | 1,939 | 5,100 | 29,016 | 11,705 | 4,633 | 253 | 1,246 |
| 2000 YTD | 7,943 | 5,285 | 1,184 | 5,694 | 29,736 | 13,640 | 5,912 | 404 | 956 |
| % of Last Year | 80% | 73% | 113% | 75% | 82% | 65% | 67% | 54% | 124% |
| 1998 Total | 10,838 | 4,373 | 651 | 5,048 | 31,330 | 14,917 | 7,270 | 562 | 1,392 |

Source: Federal Grain Inspection Service YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**
1,000 Metric Tons, Crop Year

| | <u>Wheat</u> | <u>Durum</u> | <u>Barley</u> |
|----------------------|--------------|--------------|---------------|
| Week Ended: 10/11/01 | | | |
| Vancouver | 1,578 | 101 | 64 |
| Prince Rupert | 32 | 0 | 0 |
| Prairie Direct | 163 | 38 | 62 |
| Thunder Bay | 86 | 37 | 0 |
| St. Lawrence | 726 | 320 | 4 |
| 2001 YTD Exports | 2,585 | 496 | 130 |
| 2000 YTD Exports | 3,025 | 731 | 186 |
| % of Last Year | 85% | 68% | 70% |

Source: Canadian Grains Commission, Crop year 8/1-7/31



**Gulf Region
Vessels Loaded
- Past 7 Days-**

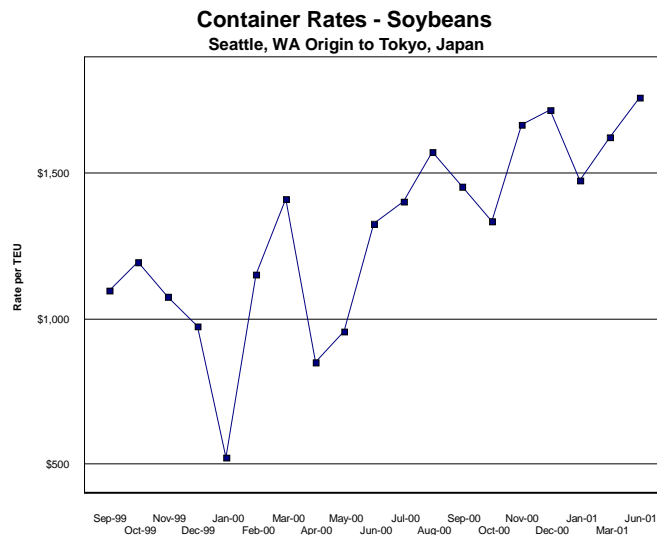
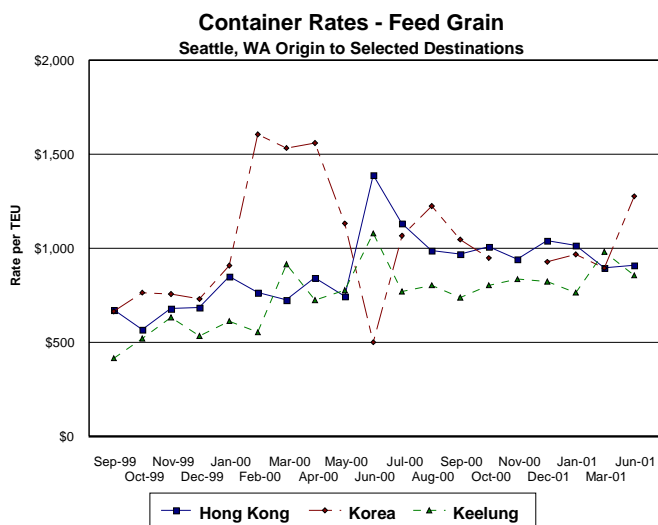
Port Region Ocean Grain Vessels

| | Gulf | | | Pacific Northwest | | | Vancouver, B.C. | | |
|------------|----------------|--------------------------|-----------------------------|-------------------|--------------------------|-----------------------------|-----------------|--------------------------|-----------------------------|
| | <u>In Port</u> | <u>Loaded 7-Days</u> | <u>Due Next 10-Days</u> | <u>In Port</u> | <u>Loaded 7-Days</u> | <u>Due Next 10-Days</u> | <u>In Port</u> | <u>Loaded 7-Days</u> | <u>Due Next 10-Days</u> |
| 10/04/01 | 30 | 50 | 64 | 7 | | | 13 | 11 | 4 |
| 10/11/01 | 26 | 55 | 70 | 13 | | | 14 | 9 | 3 |
| 1999 Range | (14..47) | (39..65) | (34..80) | (6..18) | | | (2..20) | (2..15) | (0..9) |
| 1998 Range | (19..62) | (34..64) | (40..93) | | | | (1..19) | (3..14) | (0..10) |
| 1999 Avg | 32 | 52 | 65 | | | | 9 | 9 | 3 |
| 1998 Avg | 40 | 48 | 61 | | | | 10 | 9 | 3 |
| 1997 Avg | 33 | 45 | 58 | | | | | | |

Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

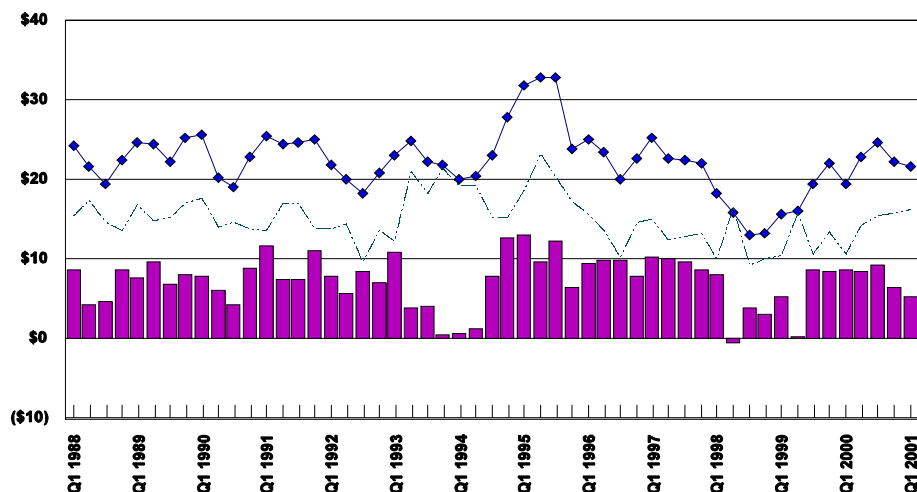
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

◆ Rate - Gulf to Japan
 --- Rate - PNW to Japan
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean
 Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

| | 2001 2 nd Qtr | 2000 2 nd Qtr | % Change | | 2001 2 nd Qtr | 2000 2 nd Qtr | % Change |
|----------------|-----------------------------|-----------------------------|-------------|----------------------|-----------------------------|-----------------------------|-------------|
| Gulf to | | | | Pacific NW to | | | |
| Japan | \$22.31 | \$22.84 | -2% | Japan | \$13.50 | \$14.37 | -6% |
| Mexico | \$17.84 | \$16.58 | 8% | Red Sea/ Arabian Sea | | \$33.46 | |
| Venezuela | \$14.76 | \$11.34 | 30% | | | | |
| N. Europe | \$16.93 | \$15.50 | 9% | Argentina to | | | |
| N. Africa | \$19.52 | \$20.91 | -6% | N. Europe | \$19.68 | \$18.96 | 4% |
| | | | | Japan | \$26.62 | \$26.57 | - |

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 10/27/01

| Export Region | Import Region | Grain | Month | Volume Loaded (Tons) | Freight Rate (\$/Ton) |
|---------------|---------------|-------------|--------------|-------------------------|--------------------------|
| Gulf | Amsterdam | Grains | Oct 25/30 | 35,000 | \$13.00 |
| Gulf | Philippines | Heavy Grain | Oct 20/Nov 5 | 55,000 | \$16.25 |
| N. Pacific | Taiwan | Heavy Grain | Nov 9/16 | 56,000 | \$9.00 |
| S. Australia | East Africa | Wheat | Nov 1/15 | 32,000 | \$16.00 |

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option